Natural Capital Finance Alliance (NCFA)

Danielle Carreira
Sao Paulo – 10 March 2017
Folsom Lake, California, 2004

Folsom Lake, California, 2014
Motivations and driving factors

Climate Change & Environmental Degradation → Impact on Businesses: Reduced Output → Lenders Exposed to Drought-Induced Defaults

Potential Systemic Risks to the Financial System

Reliable data + Consistent Framework and Methodologies needed
Assessing water risks at corporate level

**Corporate Bonds Water Credit Risk Tool**

Self-assessment tool for financial institutions to incorporate water risk in corporate bond credit risk analysis and integrate water stress into company credit analysis.

**Water Risk Equities Tool**

Tool that enables analysts to incorporate water risks into company valuations across copper and gold mining companies.
Drought Stress Test for Banks Portfolios - Objectives

Develop and test an analytical framework and model that allows banks to assess the potential impact of environmental shocks on the performance of their corporate loan portfolio in Brazil, China, Mexico and USA.
Drought Stress Test for Banks Portfolios

**Project Management Team**

**Implementation Partners**

**Expert Council**

**Partner Banks**
Natural Capital Finance Alliance

Contact
Danielle Carreira – Senior Project Manager
d.carreia@globalcanopy.org